DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON, DC 20350-2000

IN REPLY REFER TO

OPNAVINST 4800.13
OP-402F
16 JUL 1986

OPNAV INSTRUCTION 4800.13

From: Chief of Naval Operations

Subj: NAVY INDUSTRIAL PREPAREDNESS (IP) PROGRAM

Ref: (a) DOD Instruction 4005.3 of 18 Apr 1985 (NOTAL)
(b) DOD Directive 4005.1 of 26 Nov 1985 (NOTAL)
(c) DOD Manual 4005.3-M of 1 Nov 1985 (NOTAL)
(d) SECNAVINST 4802.4B of 16 Sep 1983 (NOTAL)

Encl: (1) Guidance for Navy Industrial Preparedness Program

1. Purpose. To issue the Navy's Industrial Preparedness Planning (IPP) Program following references (a) through (c).

2. Cancellation. OPNAVINSTs 4800.9, 4800.10, and 4800.11.

3. Background

a. Industrial Preparedness (IP) is the ability of Defense industrial suppliers to accelerate the production of war material during war and other emergencies in support of actual or potential Fleet operations. Such capability is an integral part of Navy's ability to deter, and if necessary, to conduct warfare. References (a) through (c) provide current Department of Defense policy concerning the Services' responsibilities for an IP Program. Reference (d) tasks the Chief of Naval Operations with implementing DOD guidance and establishing general policy guidance for the Navy's IP Program.

b. The requirement for IP stems from the limited stocks of war reserve material and the limited availability of inactive platform assets which can be mobilized. Effective deterrence and warfighting may require that stocks and equipment be augmented or replaced at a faster rate than the current lead times of up to two years for ordnance and secondary items or three years for aircraft and major ship systems.

c. IPP is conducted in support of IP. It does so by assessing industry's present ability to meet mobilization production targets and determining measures that must be implemented within industry when these targets cannot be met.

d. Marine Corps matters will be handled per reference (d).

e. Because the Coast Guard comes under the cognizance of DOD in wartime as a service within the Navy, Coast Guard requirements shall be planned for in the same manner as Navy-originated items. It is understood that the Commandant, Coast Guard (G-REP), will coordinate the Coast Guard's IPP Program, forward IPP candidates to appropriate Naval System Commands (SYSCOMs) and act as liaison between Coast Guard program/support managers and the Naval SYSCOMs.

4. Objectives for Industrial Preparedness Planning. The primary objectives of Navy's IPP Program are to:

a. Assess industry's ability to accelerate production in support of mobilization production targets. (Planning priority should be given to the top 25 items on the CINCs Critical Item List, compiled annually by OJCS, and the program should identify resources, equipment and workforce shortfalls which would preclude meeting anticipated requirements).

b. Identify IP measures and industrial modernization incentives which enable industry to achieve Navy's production targets.

c. Determine the extent and effect of foreign source dependency on the production of naval material and plan to minimize, if not eliminate altogether, potentially disruptive impacts of a foreign source cutoff.

d. Develop and provide, as appropriate, the necessary analyses and recommendations essential to make effective industrial base decisions directed toward establishing and maintaining an industrial base capable of delivering Navy's emergency and wartime production and maintenance requirements.

5. Responsibilities

a. The Deputy Chief of Naval Operations (Logistics) (DCNO (L)), OP-04, will:

(1) Exercise program oversight and ensure that the information developed by the IP Program is sufficiently reliable and complete to support the Planning, Programming and Budgeting process as well as related policy deliberations. The principal tool for the accomplishment of this responsibility will be the Production Base Analysis (PBA) which is designed to permit the Navy to accomplish the objectives outlined in paragraph 4.

(2) Program sufficient resources for the operation of the IPP Program.

(3) Generate the Critical Items List (CIL), and associated Mobilization Production Targets.

b. The System Commands (SYSCOMs) will:

(1) Allocate resources to develop and maintain a dedicated professional personnel cadre of sufficient size and quality to carry out Navy's IP Program and to conduct IPP following the procedures outlined in reference (f).

(2) Develop the annual PBAs for those systems and facilities which fall under their cognizance in order to meet objectives in paragraph 4.

(3) Manage the development, loading, and maintenance of Navy's PBA data base.

(4) Provide information and documentation required by the DCNO (L) to support Navy's external program responsibilities.

(5) Conduct IPP following the general guidelines of enclosure (1) and the specific taskings of the annual IPP Program guidance.

6. Navy's Production Base Analysis (PBA)

a. The primary work document of Navy's IP Program is its PBA as required by references (a) through (c). By reference (d), the Chief of Naval Operations (CNO) is responsible for establishing its general policy guidance, ensuring its quality, and transmitting its contents to the Assistant Secretary of the Navy (Shipbuilding and Logistics).

b. The primary purposes of the PBA are to:

(1) Fulfill Navy requirements under references (a) through (c).

(2) Advise Navy's warfighting community of its expected end-item and spare parts production supply under wartime or other emergency conditions.

(3) Assess industry's ability to meet Navy's production targets (as a subset of DOD's) and, when these cannot be met, determine why and what actions would be required so that industry could meet them.

(4) Assess the cost-effectiveness of various IP measures in order to promote knowledgeable decisions on their development and implementation, and, where appropriate, suggest changes to acquisition policy which would contribute to better overall industrial readiness.

(5) Assess the possibility of better tradeoffs between investments in war reserve material and investments in IP measures in order to provide resource sponsors and other Navy planners with the information required to make decisions of how resources should be allocated to accomplish sustainability objectives.

c. Because Navy's industrial base is large and diverse, separate PBA documents will be developed for shipbuilding, aircraft, ordnance, and spare parts.

d. Notwithstanding the requirement to report results on an item-by-item basis, it is anticipated that the bulk of the data used to support the PBA will be the facility-by-facility assessment of industrial capability. This assessment will determine the minimum production times and maximum production outputs of Navy and other military items. It will extend to the various subcomponent suppliers whenever measures are needed at those levels to meet mobilization production targets.

7. Policies for Industrial Preparedness

a. Production Contracts. Production contracts awarded for planned items shall provide producers with a common set of production environment (i.e. NAVOSH, EPA, specifications etc.) assumptions applicable to mobilization as appropriate. Production contracts awarded shall require producers to provide IP information through a Data Item Description which fills the data requirements for Navy's PBA.

b. New System Starts

(1) It shall be Navy policy that the creation and maintenance of mobilization production potential be a necessary component of acquisition planning. Planning for surge and mobilization requirements for major systems shall be included in the system acquisition plan by the program or project and item managers. As a part of the Acquisition Strategy a determination should be made on the role of Industrial Preparedness in meeting total acquisition objectives for both short (six months or less) and protracted war scenarios.

(2) Project Managers will ensure that documentation in support of Milestone III of the Navy Program Decision Meeting (NPDM) process (such as the Acquisition Plan) for new systems starts (except those associated solely with new-ship construction) whose program objective exceeds $500 million ($200 million for ordnance) will identify the resources which would need to be programmed in order to:

(a) Provide sufficient tooling and test equipment (adjusted for wartime production specifications) to meet mobilization production targets on a wartime schedule when required under acquisition strategy.

(b) Ensure that sufficient supply of pacing components are available in order to support full capacity production within six months of M-day for ordnance items, and 12 to 18 months of M-day for critical spares, electronics, and aviation items. If this data is not available at this point, it will be developed as soon as practical. If it has been determined that Industrial Preparedness measures can be used to help address requirements in a short war scenario (six months or less), identify support required to meet production objectives established.

(c) Ensure that suppliers of Government-furnished material can support prime contractor schedules at above rates.

(3) Special engineering studies shall be conducted as necessary to assess alterations in production flow-through (e.g., a compressed production schedule) which would be necessary to meet mobilization production targets.

(4) These requirements shall be extended to subtier vendors as necessary to support prime contractor schedules.

c. Long-Range Goals. It is the goal of the IP Program that producers of critical ordnance items and other essential sustainability items possess and demonstrate their ability to accelerate production under compressed schedules in a wartime context. The cost of this capability would be reflected directly in acquisition costs; competition would be the vehicle for ensuring that such costs are correctly established. It is understood, however, that several methodological problems (allocation of subcontractor costs, cross-payments for maintaining excess capacity) will have to be solved prior to implementation.

8. Action. Navy commands and staffs involved in the IPP Program shall be governed by the specific responsibilities and policies in enclosure (1).

9. Report. The reporting requirements contained in enclosure (1) are assigned symbol DD-A&L(A)1201(4800) and are approved through 25 March 1988.

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GUIDELINES FOR INDUSTRIAL PREPAREDNESS PLANNING (IPP)

1. Planning Scenarios

a. Navy's IPP will determine industry's production response under two scenarios. One, a local-contingency scenario, represents selected production acceleration in the context of a regional crisis. This scenario compares to "surge" as defined in references (a) to (c). The other, a global-conflict scenario, represents general production acceleration in the context of an actual or imminent global war. This scenario compares to "mobilization" as defined in references (a) to (c) and may be of short or protracted duration.

b. Planning under a local-contingency scenario will assume:

(1) The list of items to be accelerated will be limited to those of highest priority, identified by the Commanders in Chief (CINCs) as necessary to fulfill requirements of their operation plans.

(2) A zero administrative lead-time.

(3) Unit costs will be allowed to reflect the cost of using additional production overtime.

(4) No changes allowed in testing/performance standards or the enforcement of federal, state, and local laws.

(5) The Defense Priorities and Allocation System will be enforced based on existing regulations, but with displacement of competing civilian with military production minimized.

c. Planning under a global-conflict scenario will assume:

(1) All items and weapons with mobilization production targets will be affected.

(2) Federal, state, and local laws and regulations which impede production acceleration will be candidates for waiver.

(3) Industry's priority will be to increase production as fast as possible up to mobilization production targets depending on applicability. Production acceleration would have higher priority than cost minimization so as to allow production processes which, although they contribute to faster and higher production rates, would not necessarily lead to the lowest possible production costs. Production facilities would operate 24 hours a day, seven days a week (allowing for downtime/maintenance); all work stations would be filled.

(4) The Defense Priorities and Allocations System will be enforced so as to displace non-essential civilian production to the extent necessary to ensure mobilization production targets are met.

(5) Planners will assess the programming implications of alternative wartime production specifications. These may include eliminating (e.g., for shelf-life and meantime-between-failure) or shortening (e.g., environmental testing and burn-in requirements) testing or production specification requirements which do not measurably compromise short-term performance.

d. Foreign source dependency issues will only be assessed in the context of a Global War Scenario.

2. The Industrial Preparedness Planning List (IPPL)

a. The IPPL lists all Government-procured items which merit planning. It contains end-items, Government-furnished equipment (GFE), repair-and-overhaul requirements, and secondary items (i.e., spare parts) each with separate nomenclatures.

b. CNO will provide a Critical Items List (CIL) not later than 1 February of each year. This list will include ordnance, aircraft, ships, and priority platform upgrades. It will be limited to items that Navy intends to procure to meet an appropriate scenario conflict whose M-day is 1 October following the subsequent fiscal year (i.e., 20 months later).

c. The SYSCOMs will take the CIL and add critical GFE and spares. GFE criticality should be defined in terms of lead time, technical availability, and mission essentiality. Spares criticality should be defined in terms of mission essentiality, availability, and lead time. IPPL spares may include items used only for post-production support.

d. Individual SYSCOMs shall submit their IPPL inputs to Naval Air Systems Command (NAVAIRSYSCOM) not later than 15 March. NAVAIRSYSCOM shall submit a complete draft IPPL to CNO not later than 15 April for review. Upon concurrence, NAVAIRSYSCOM will print and distribute the IPPL within 30 days.

3. Mobilization Production Targets

a. CNO shall supply a quantified set of mobilization production targets for both short and protracted war scenarios for all CIL items. This submission will be provided annually within 30 days after the generation of the CIL.

b. Production targets corresponding to the local-contingency scenario will be transmitted in the same document.

c. Production targets will be based on a production trajectory

which will provide for increased requirements due to combat requirements, loss of material due to attrition and the requirement to build the Joint Chiefs of Staff (JCS) Planning Force.

(1) Level-of-effort ordnance (except missiles) and secondary items (except aircraft engines). Mobilization Production Targets (MPTs) will be equal to consumption rates less inventory.

(2) Other ordnance and secondary items. MPTs will be designed to fill the inventory objective no later than the second year of crisis.

(3) Ship systems and related retrofit requirements. MPTs will achieve the FYDP requirements within 36 months.

(4) Aircraft and small platforms. MPTs will provide for the full replacement of attrition and the outfitting of available carrier decks (for carrier-based aircraft) and the achievement of the JCS Planning Force (for all others) within 36 months.

(5) New ship construction. MPTs will provide for the replacement of attrition and the attainable achievement of the Planning Force within 48 months.

4. Production Base Analysis (PBA) Data Base

a. Navy's PBA data base will be the central repository for all data necessary to assess industry's ability to achieve MPTs. The PBA will contain a structured data base covering all IPPL items and pacing contractor-furnished subcomponents.

b. The objectives of the PBA data base are to:

(1) Allow rapid access to information on suppliers of Navy material.

(2) Allow analysts to determine how rapidly Navy material can be produced in a regional crisis or a global war scenario.

(3) Help identify impediments to Navy's material production or repair so that IP measures can be developed and implemented to relieve them.

(4) Provide information on which to assess the proper tradeoffs between investments in war reserve material and comparable investments in IP.

c. Specific requirements for automated data system capabilities and data elements will be promulgated by CNO on an annual or as needed basis. In general, however, a complete record for each IPPL entry shall contain the following as a minimum:

(1) Program information. (e.g., Item name/index, planning COG, claimants, five-year defense plan quantities, costs, and spares requirements.)

(2) Production information. (e.g., producer(s), procurement lead time, critical processes, and the sources, requirements and lead times of critical components.)

(3) Planning information. (e.g., acceleration potential, production capacity, potential bottlenecks and required industrial preparedness measures).

d. The following policies shall govern the PBA data base.

(1) The PBA will emphasize depth and quality-control at the expense of breadth; particular attention will be paid to pacing items, production bottlenecks, and dependency problems at the prime and subtier levels.

(2) Data elements will be updated every year for the more critical items and volatile elements and every other year for less critical items and more stable elements.

(3) Outside data bases, when sufficiently reliable and pertinent, should be used to the maximum feasible extent.

(4) Modest amounts of redundancy in the system are an acceptable price for cross-checking submissions from contractors and subcontractors.

(5) The PBA shall be compatible with data-exchange protocols that have been developed for common DOD use. It should be structured to optimize its integration into a common DOD-wide data base.

5. Industrial Preparedness Measures (IPMs)

a. IPMs shall be developed by the contractor and programmed as appropriate when actual and expected industrial capability is insufficient to allow material production to meet production targets.

b. The minimum requirement for documenting item-specific IPMs should include:

(1) The anticipated production rate of the item in a crisis situation, with and without the proposed IPMs.

(2) Specific items to be purchased (e.g., pacing components, tooling and test equipment).

(3) A description of the proposed IPM which relates the content of the IPM to industry's ability to accelerate or expand production. Assumptions about the operating environment

of relevance to the IPM must be explicitly identified.

c. IPMs may also entail incentives such as:

(1) Modernization incentives under the Industrial Modernization Incentives Program which include allowing producers to share in the costs savings generated by productivity enhancing investment and guarantees to cover unamortized portions of such investments in case of program termination.

(2) Purchase Guarantees under Title III of the Defense Production Act.

(3) Prestocking subcomponents at subcontractors' plants.

6. Maintenance of an Essential Mobilization Production Base. When appropriate, provide analyses and recommendations to cognizant program managers and procurement contracting officers to support justification and approval for other than full and open competition under the authority of 10 U.S.C. 2304 (C) (3) for procurement actions necessary to establish or maintain an essential mobilization base.

7. Coordination with Other Services, and Federal Agencies. Navy IP planning will be fully coordinated with other Services and Federal Agencies as follows:

a. Pending the development of a DOD-wide industrial data base, Navy's PBA data base will contain information on all items of interest to the Marine Corps, the Coast Guard and the Maritime Administration.

b. The Navy will incorporate the requirements of other using Services and Agencies for those items which the Navy is currently or expected to be procuring.

c. Planning for new Navy ship construction will accommodate similar requirements for the Coast Guard and the Maritime Administration.

d. Navy supports the concept of bi- or multi-Service sector studies.